

SENATE BILL NO. 103

INTRODUCED BY LAIBLE

BY REQUEST OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR CONTINGENT FUND TRANSFERS FROM THE ORPHAN SHARE STATE SPECIAL REVENUE ACCOUNT TO THE HAZARDOUS WASTE/CERCLA ACCOUNT AND TO THE ENVIRONMENTAL QUALITY PROTECTION FUND ACCOUNT; PROVIDING FOR THE REPAYMENT OF CONTINGENT FUND TRANSFERS; AMENDING SECTION SECTIONS 75-10-621, 75-10-704, AND 75-10-743, MCA; AND PROVIDING AN EFFECTIVE DATE AND A CONTINGENT TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 75-10-621, MCA, IS AMENDED TO READ:

"75-10-621. Hazardous waste/CERCLA special revenue account. (1) There is a hazardous waste/CERCLA special revenue account within the state special revenue fund established in 17-2-102.

(2) There must be paid into the hazardous waste/CERCLA account:

(a) revenue obtained from the interest income of the resource indemnity trust fund under the provisions of 15-38-202, together with interest accruing on that revenue;

(b) all proceeds of bonds or notes issued under 75-10-623 and all interest earned on proceeds of the bonds or notes; and

(c) revenue from penalties or damages collected under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended in 1986 (CERCLA).

(3) Appropriations may be made from the hazardous waste/CERCLA account only for the following purposes and subject to the following conditions:

(a) funds are statutorily appropriated, as provided in 17-7-502(4), to the CERCLA match debt service account necessary to make principal, interest, and premium payments due on CERCLA bonds;

(b) not more than one-half of the interest income received for any biennium from the resource indemnity trust fund may be appropriated on a biennial basis for:

(i) implementation of the Montana Hazardous Waste Act, including regulation of underground storage



1 tanks and the state share to obtain matching federal funds;

2 (ii) implementation of Title 75, chapter 10, part 6, pertaining to state assistance to and cooperation with  
3 the federal government for remedial action under CERCLA;

4 (iii) expenses of the department in administering and overseeing the implementation of Title 75, chapter  
5 10, parts 4 and 6; and

6 (iv) state expenses relating to investigation and remedial action for any hazardous substance defined  
7 in 75-10-602; and

8 (c) to the extent funds are available after the appropriations in subsections (3)(a) and (3)(b), the  
9 department may, as appropriate, seek authorization from the legislature or, when the legislature is not in session,  
10 through the budget amendment process provided for in Title 17, chapter 7, part 4, to spend funds for:

11 (i) state participation in remedial action under section 104 of CERCLA;

12 (ii) state costs for maintenance of sites at which remedial action under CERCLA has been completed;

13 and

14 (iii) the state share to obtain matching federal funds for underground storage tank corrective action.

15 (4) For the purposes of subsection (3)(c), the legislature finds that a need for state special revenue to  
16 obtain matching federal funds for underground storage tank corrective action or for remedial action under section  
17 104 of CERCLA constitutes a serious unforeseen and unanticipated circumstance for the purpose of meeting  
18 the definition of "emergency" in 17-7-102. The legislature further finds that the inability of the department to  
19 match the federal funds as the funds become available would seriously impair the functions of the department  
20 in carrying out its responsibilities under Title 75, chapter 10, parts 4 and 6.

21 (5) There is no dollar limit to the hazardous waste/CERCLA account. ~~Unused~~ Except as provided in  
22 subsection (6), unused balances remain in the account until appropriated by the legislature for the purposes  
23 specified in this section.

24 (6) (a) If funds are transferred from the orphan share fund to the hazardous waste/CERCLA account  
25 pursuant to 75-10-743(10), the department shall, subject to the limitations in subsections (6)(b) and (6)(c) of this  
26 section, at the end of the fiscal year in which the transfer is made and in each subsequent fiscal year, transfer  
27 from the hazardous waste/CERCLA account to the orphan share fund the unencumbered amount remaining in  
28 the hazardous waste/CERCLA account at the end of the fiscal year that is in excess of the amount appropriated  
29 for the next fiscal year from the hazardous waste/CERCLA account.

30 (b) The total amount transferred pursuant to subsection (6)(a) may not exceed the total amount

1 transferred to the hazardous waste/CERCLA account pursuant to 75-10-743(10).

2 (c) Subsection (6)(a) does not apply to the proceeds of bonds or notes sold pursuant to 75-10-623, to  
3 interest on the proceeds of those bonds or notes, or to appropriations of those proceeds or interest."

4

5 **SECTION 2. SECTION 75-10-704, MCA, IS AMENDED TO READ:**

6 **"75-10-704. Environmental quality protection fund.** (1) There is in the state special revenue fund an  
7 environmental quality protection fund to be administered as a revolving fund by the department. The department  
8 is authorized to expend amounts from the fund necessary to carry out the purposes of this part.

9 (2) ~~The~~ Except as provided in subsection (9), the fund may be used by the department only to carry out  
10 the provisions of this part and for remedial actions taken by the department pursuant to this part in response to  
11 a release of hazardous or deleterious substances.

12 (3) The department shall:

13 (a) except as provided in subsection (7), establish and implement a system, including the preparation  
14 of a priority list, for prioritizing sites for remedial action based on potential effects on human health and the  
15 environment; and

16 (b) investigate, negotiate, and take legal action, as appropriate, to identify liable persons, to obtain the  
17 participation and financial contribution of liable persons for the remedial action, to achieve remedial action, and  
18 to recover costs and damages incurred by the state.

19 (4) There must be deposited in the fund:

20 (a) all penalties, forfeited financial assurance, natural resource damages, and remedial action costs  
21 recovered pursuant to 75-10-715;

22 (b) all administrative penalties assessed pursuant to 75-10-714 and all civil penalties assessed pursuant  
23 to 75-10-711(5);

24 (c) funds appropriated to the fund by the legislature;

25 (d) funds received from the interest income of the resource indemnity trust fund pursuant to 15-38-202;

26 (e) funds received from the interest income of the fund;

27 (f) funds received from settlements pursuant to 75-10-719(7); and

28 (g) funds received from the interest paid pursuant to 75-10-722.

29 (5) Whenever a legislative appropriation is insufficient to carry out the provisions of this part and  
30 additional money remains in the fund, the department shall seek additional authority to spend money from the

1 fund through the budget amendment process provided for in Title 17, chapter 7, part 4.

2 (6) Whenever the amount of money in the fund is insufficient to carry out remedial action, the  
3 department may apply to the governor for a grant from the environmental contingency account established  
4 pursuant to 75-1-1101.

5 (7) (a) There is established a state special revenue account for all funds donated or granted from private  
6 parties to remediate a specific release at a specific facility. There must be deposited into the account the interest  
7 income earned on the account. A person is not liable under 75-10-715 solely as a result of contributing to this  
8 account.

9 (b) Funds donated or granted for a specific project pursuant to this subsection (7) must be accumulated  
10 in the fund until the balance of the donated or granted funds is sufficient, as determined by the department, to  
11 remediate the facility pursuant to the requirements of 75-10-721 for which the funds are donated.

12 (c) If the balance of the fund created in this subsection (7), as determined by the department pursuant  
13 to the requirements of 75-10-721, is not sufficient to remediate the facility within 1 year from the date of the initial  
14 contribution, all donated or granted funds, including any interest on those donated or granted funds, must be  
15 returned to the grantor.

16 (d) If the balance for a specific project is determined by the department to be sufficient to remediate the  
17 facility pursuant to the requirements of 75-10-721, the department shall give that site high priority for remedial  
18 action, using the funds donated under this subsection (7).

19 (e) This subsection (7) is not intended to delay, to interfere with, or to diminish the authority or actions  
20 of the department to investigate, negotiate, and take legal action, as appropriate, to identify liable persons, to  
21 obtain the participation and financial contribution of liable persons for the remedial action, to achieve remedial  
22 action, and to recover costs and damages incurred by the state.

23 (f) The department shall expend the funds in a manner that maximizes the application of the funds to  
24 physically remediating the specific release.

25 (8) (a) A person may donate in-kind services to remediate a specific release at a specific facility  
26 pursuant to subsection (7). A person who donates in-kind services is not liable under 75-10-715 solely as a result  
27 of the contribution of in-kind services.

28 (b) A person who donates in-kind services with respect to remediating a specific release at a specific  
29 facility is not liable under this part to any person for injuries, costs, damages, expenses, or other liability that  
30 results from the release or threatened release, including but not limited to claims for indemnification or

1 contribution and claims by third parties for death, personal injury, illness, loss of or damage to property, or  
2 economic loss.

3 (c) Immunity from liability, pursuant to subsection (8)(b), does not apply in the case of a release that is  
4 caused by conduct of the entity providing in-kind services that is negligent or grossly negligent or that constitutes  
5 intentional misconduct.

6 (d) When a person is liable under 75-10-715 for costs or damages incurred as a result of a release or  
7 threatened release of a hazardous or deleterious substance, the person may not avoid that liability or  
8 responsibility under 75-10-711 by subsequent donations of money or in-kind services under the provisions of  
9 subsection (7) and this subsection (8).

10 (e) Any donated in-kind services that are employed as part of a remedial action pursuant to this  
11 subsection (8) must be approved by the department as appropriate remedial action.

12 (9) (a) If funds are transferred from the orphan share fund to the environmental quality protection fund  
13 pursuant to 75-10-743(10), the department shall, subject to the limitation in subsection (9)(b) of this section, at  
14 the end of the fiscal year in which the transfer is made and in each subsequent fiscal year, transfer from the  
15 environmental quality protection fund to the orphan share fund the unencumbered amount remaining in the  
16 environmental quality protection fund at the end of the fiscal year that is in excess of the amount appropriated  
17 for the next fiscal year from the environmental quality protection fund.

18 (b) The total transferred pursuant to subsection (9)(a) may not exceed the total amount transferred to  
19 the environmental quality protection fund pursuant to 75-10-743(10)."

20

21 **Section 3.** Section 75-10-743, MCA, is amended to read:

22 **"75-10-743. (Temporary) Orphan share state special revenue account -- reimbursement of claims**  
23 **-- payment of department costs.** (1) There is an orphan share account in the state special revenue fund  
24 established in 17-2-102 that is to be administered by the department. Money in the account is available to the  
25 department by appropriation and must be used to reimburse remedial action costs claimed pursuant to  
26 75-10-742 through 75-10-752 and, except as provided in subsection (10), to pay costs incurred by the  
27 department in defending the orphan share.

28 (2) There must be deposited in the orphan share account:

29 (a) all penalties assessed pursuant to 75-10-750(12);

30 (b) funds received from the interest income of the resource indemnity trust fund pursuant to 15-38-202;

1 (c) funds allocated from the resource indemnity and ground water assessment tax proceeds provided  
2 for in 15-38-106;

3 (d) unencumbered funds remaining in the abandoned mines state special revenue account;

4 (e) interest income on the account;

5 (f) funds received from settlements pursuant to 75-10-719(7); and

6 (g) funds received from reimbursement of the department's orphan share defense costs pursuant to  
7 subsection (6).

8 (3) If the orphan share fund contains sufficient money, valid claims must be reimbursed subsequently  
9 in the order in which they were received by the department. If the orphan share fund does not contain sufficient  
10 money to reimburse claims for completed remedial actions, a reimbursement may not be made and the orphan  
11 share fund, the department, and the state are not liable for making any reimbursement for the costs. The  
12 department and the state are not liable for any penalties if the orphan share fund does not contain sufficient  
13 money to reimburse claims, and interest may not accrue on outstanding claims.

14 (4) Except as provided in subsection (8), claims may not be submitted and remedial action costs may  
15 not be reimbursed from the orphan share fund until all remedial actions, except for operation and maintenance,  
16 are completed at a facility.

17 (5) Reimbursement from the orphan share fund must be limited to actual documented remedial action  
18 costs incurred after the date of a petition provided for in 75-10-745. Reimbursement may not be made for  
19 attorney fees, legal costs, or operation and maintenance costs.

20 (6) (a) The department's costs incurred in defending the orphan share must be paid by the persons  
21 participating in the allocation under 75-10-742 through 75-10-752 in proportion to their allocated shares. The  
22 orphan share fund is responsible for a portion of the department's costs incurred in defending the orphan share  
23 in proportion to the orphan share's allocated share, as follows:

24 (i) If sufficient funds are available in the orphan share fund, ~~the orphan share fund must pay~~ the  
25 department's costs incurred in defending the orphan share must be paid from the orphan share fund in  
26 proportion to the share of liability allocated to the orphan share.

27 (ii) If sufficient funds are not available in the orphan share fund, persons participating in the allocation  
28 under 75-10-742 through 75-10-752 shall pay all the orphan share's allocated share of the department's costs  
29 incurred in defending the orphan share in proportion to each person's allocated share of liability.

30 (b) A person who pays the orphan share's proportional share of costs has a claim against the orphan

1 share fund and must be reimbursed as provided in subsection (3).

2 (7) (a) ~~On August 21, 2002, \$1,000 is transferred from the orphan share fund to the general fund. If~~  
3 sufficient money remains in the orphan share fund on June 29, 2003, \$999,000 must be transferred to the  
4 general fund.

5 (b) If any money remains in the orphan share fund after June 30, 2005, after the transfer of any funds  
6 is made pursuant to subsection (10) and after outstanding claims are paid, the money must be deposited in the  
7 general fund.

8 (8) If the lead liable person under 75-10-746 presents evidence to the department that the person  
9 cannot complete the remedial actions without partial reimbursement and that a delay in reimbursement will  
10 cause undue financial hardship on the person, the department may allow the submission of claims and may  
11 reimburse the claims prior to the completion of all remedial actions. A person is not eligible for early  
12 reimbursement unless the person is in substantial compliance with all department-approved remedial action  
13 plans.

14 (9) A person participating in the allocation process who received funds under the mixed funding pilot  
15 program provided for in sections 14 through 20, Chapter 584, Laws of 1995, may not claim or receive  
16 reimbursement from the orphan share fund for the amount of funds received under the mixed funding pilot  
17 program that are later attributed to the orphan share under the allocation process.

18 (10) For the biennium beginning July 1, 2003, and subject to the provisions of ~~section 2~~ [SECTION 4],  
19 the department may transfer funds from the orphan share fund to the environmental quality protection fund  
20 established in 75-10-704, the hazardous waste/CERCLA account established in 75-10-621, or both. The total  
21 amount transferred pursuant to this subsection may not exceed \$600,000. (Terminates June 30, 2005--sec. 30,  
22 Ch. 415, L. 1997.)"

23  
24 **NEW SECTION. Section 4. Contingent appropriation of orphan share funds.** (1) Subject to the  
25 limitation in subsection (3), there is transferred from the orphan share account established in 75-10-743 to the  
26 environmental quality protection fund established in 75-10-704 an amount not to exceed \$600,000 during the  
27 biennium beginning July 1, 2003, if the expenditures from the environmental quality fund exceed revenue  
28 available to the fund. The money transferred pursuant to this subsection may be appropriated to the department  
29 of environmental quality subject to the appropriation from the environmental quality protection fund in [House  
30 Bill No. 2]. The total expenditures in each fiscal year of the biennium may not exceed the appropriation made

1 in [House Bill No. 2].

2 (2) Subject to the limitation in subsection (3), there is transferred from the orphan share account  
3 established in 75-10-743 to the hazardous waste/CERCLA special revenue account established in 75-10-621  
4 an amount not to exceed \$600,000 during the biennium beginning July 1, 2003, if the expenditures from the  
5 hazardous waste/CERCLA account exceed revenue available to the account. The money transferred pursuant  
6 to this subsection may be appropriated to the department of environmental quality subject to the appropriation  
7 from the hazardous waste/CERCLA account in [House Bill No. 2]. The total expenditures in each fiscal year of  
8 the biennium may not exceed the appropriation made in [House Bill No. 2].

9 (3) The total of the amounts transferred and appropriated pursuant to subsections (1) and (2) may not  
10 exceed \$600,000.

11

12 NEW SECTION. Section 5. Effective date. [This act] is effective July 1, 2003.

13

14 NEW SECTION. SECTION 6. CONTINGENT TERMINATION. IF 75-10-743 TERMINATES JUNE 30, 2005, THEN  
15 [SECTIONS 1 AND 2] TERMINATE JUNE 30, 2005.

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- END -